



HEDRA Memorandum

To: HEDRA
From: Eric Maass, Economic Development Coordinator
Date: February 5, 2021
Item: Approve Preliminary Land Credit Sale and Concept Plan – Custom Sawdust, LLC –Lot 5 Block 2, Hastings Industrial Park No. 6 - (1.33 acres).

REQUEST:

Tom Sorenson of Custom Sawdust, Inc. is seeking to purchase Lot 5, Block 2, Hastings Industrial Park No. 6. The following actions are requested:

- 1) **Preliminary approval of a land credit for property acquisition.** Land credits would reduce the price of the land to \$48,819.59. That figure is based on a construction credit of \$35,000.00 and a jobs credit of \$5,400. Preliminary approval will reserve the property through development of the development agreement.
- 2) **Concept plan review to construct a building totaling at least 4,900 Square Feet.** Custom Sawdust, Inc. would construct one building that will include two large garage stalls and an attached office. The structure would be similar in nature to the building currently occupied by Custom Asphalt at 2699 Commerce Drive. A conceptual plan has been submitted. Final Site Plan approval will be necessary prior to execution of the land credit agreement.

RECOMMENDATION:

Staff recommends approval of the land credit and concept plan to be located on Lot 5, Block 2 Hastings Industrial Park No. 6. The City Council will consider similar action at its meeting on March 2nd, 2021 meeting.

Staff provided Custom Sawdust with an option to purchase a portion of Lot 5 which was approximately $\frac{3}{4}$ of an acre. That layout has been included as reference. At this time Custom Sawdust is seeking to purchase the entirety of Lot 5, Block 2.

BACKGROUND INFORMATION:

History:

HEDRA considered this project at their January 14th meeting and supported the project being constructed on Lot 5 as requested by the Developer. HEDRA also considered Lots 4 and 6 of Block 2 which are adjacent.

Comprehensive Plan Classification:

The property is guided for Industrial and Utility Use per the 2040 Comprehensive Plan. The proposed use as a business is consistent with the Comprehensive Plan.

Zoning Classification:

The property is zoned I-1 – Industrial Park. A commercial sawdust business such as this would be permitted within the I-1 Industrial Park district provided all materials, goods, and products are stored indoors and any outdoor storage of vehicles or equipment would require to be screened. This project would be required to go through the formal site plan entitlement process.

Existing Condition:

The proposed site is flat with a few trees. The lot was previously rough graded for development.

Adjacent Zoning and Land Use:

The following land uses about the property:

Direction	Existing Use	Zoning	Comp Plan
North	Vacant – Future Industrial	I-1 – Industrial Park	Industrial
East	Industrial Property	I-1 – Industrial Park	Industrial
South	Multifamily housing.	R-3 PRD	Medium Density Residential
West	Industrial Property – Minnesota Coaches	I-1 – Industrial Park	Industrial

BUSINESS SUBSIDY ANALYSIS:

	Option 1 – Applicant Preference	Option 2
Property Size	1.33 acres	0.78 acres
Property Market Value	\$89,219.59 (\$1.54 per s.f.)	\$52,342.27
Estimated Building Value	\$350,000.00	\$350,000
Construction Credit	\$35,000.00 (10% of building value)	\$35,000.00 (10% of building value)
Jobs Credit	\$5,400.00	\$5,400
Cash Due Upon Transfer	\$48,819.59 (market value less construction and jobs credit) or \$1.00 if Land For A Dollar Program based on HEDRA feedback.	\$11,924.27 (market value less construction and jobs credit) or \$1.00 if Land For A Dollar Program based on HEDRA feedback.

Justification for Subsidy:

- Conversion of tax-exempt property to a tax paying entity.
- Retention of three (3) jobs.

Land Credit Requirements:

1. Complete construction of a building that is at least 4,900 square feet with an appraised value of at least \$350,000.00 within one year of executed agreement.
2. Payment of \$48,819.59 due upon transfer or \$1.00 upon transfer of the property depending on HEDRA feedback. If \$1.00 then the terms of the remaining balance and credits would be memorialized in the development agreement.
3. Remain in business in Hastings for at least five years from the date of occupation.
4. Obtain all required zoning entitlements and approvals for construction of the business.
5. If the above requirements are not met, the owner must repay the City a prorated share of the subsidy.

CONCEPTUAL SITE PLAN REVIEW

Custom Sawdust, Inc. has submitted a conceptual site plan for review. The following comments serve to guide future site plan development and are based on the information received and property characteristics.

Site Plan Approval:

Site Plan approval through the Planning Commission and City Council will be necessary prior to executing of the Land Credit Agreement.

Use:

The proposed use is a permitted use within the I-1 Industrial Park. As proposed the building would occupy 8% of the 1.33 acre parcel.

Zoning Setbacks:

Setbacks in the I-1 District are not specified. It appears the lot provides adequate room for construction of the proposed building and associated parking consistent with adjacent setbacks. Staff does recommend that the building be shifted to the west in order to better facilitate future building expansion or the subdivision of land for another development opportunity.

Access and Circulation:

Access and circulation appear acceptable for the building proposed on Lot 5 Block 2.

Parking:

Parking for the proposed business will be required to conform with City Ordinance 155.09 Parking and Loading Requirements. Staff will review for adherence to parking requirements at the time of site plan review.

Architectural Building Elevations:

Architectural Elevations will need further review to ensure that they are consistent with the Zoning Code. The applicant has submitted black and white elevations of the proposed building as well as pictures of their previous building which they intend to use as a basis for designing their new building.

Landscape Plan:

A Landscape Plan will need to be submitted and conform to ordinance requirements.

Grading, Drainage & Utility Plans:

Grading, Drainage and Utility Plans will need to be submitted and reviewed by the Public Works Department.

ATTACHMENTS:

- Location Map
- Staff Sketch of Property Subdivision Option
- Letter from Applicant
- Site Plan Sketch & Building Elevations

LOCATION MAP

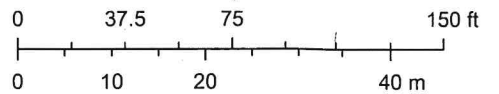


Property Map



2/5/2021, 9:14:55 AM

1:1,128



Lot Dimensions Parcels

Tax Parcels

Dedicated Right of Way

Right of Way Easement

Dakota County, GeoEye, Maxar, Microsoft

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This drawing is neither a legally recorded map nor a survey and is not intended to be used as one.

2/2/2021

Jerry Grotjohn
Custom Sawdust, LLC.
2699 Commerce Dr.
Hastings, MN 55033
651-278-2331

City of Hastings
101 4th St. E
Hastings, MN 55033

To: City of Hastings, City Council and HEDRA board members,

This letter represents our formal offer to purchase Lot 5 in Block 2 of the Hastings Industrial Park. After attending the HEDRA meeting in January and receiving a positive response towards our plans, we would like to purchase the lot listed above and utilize the Land for a Dollar program.

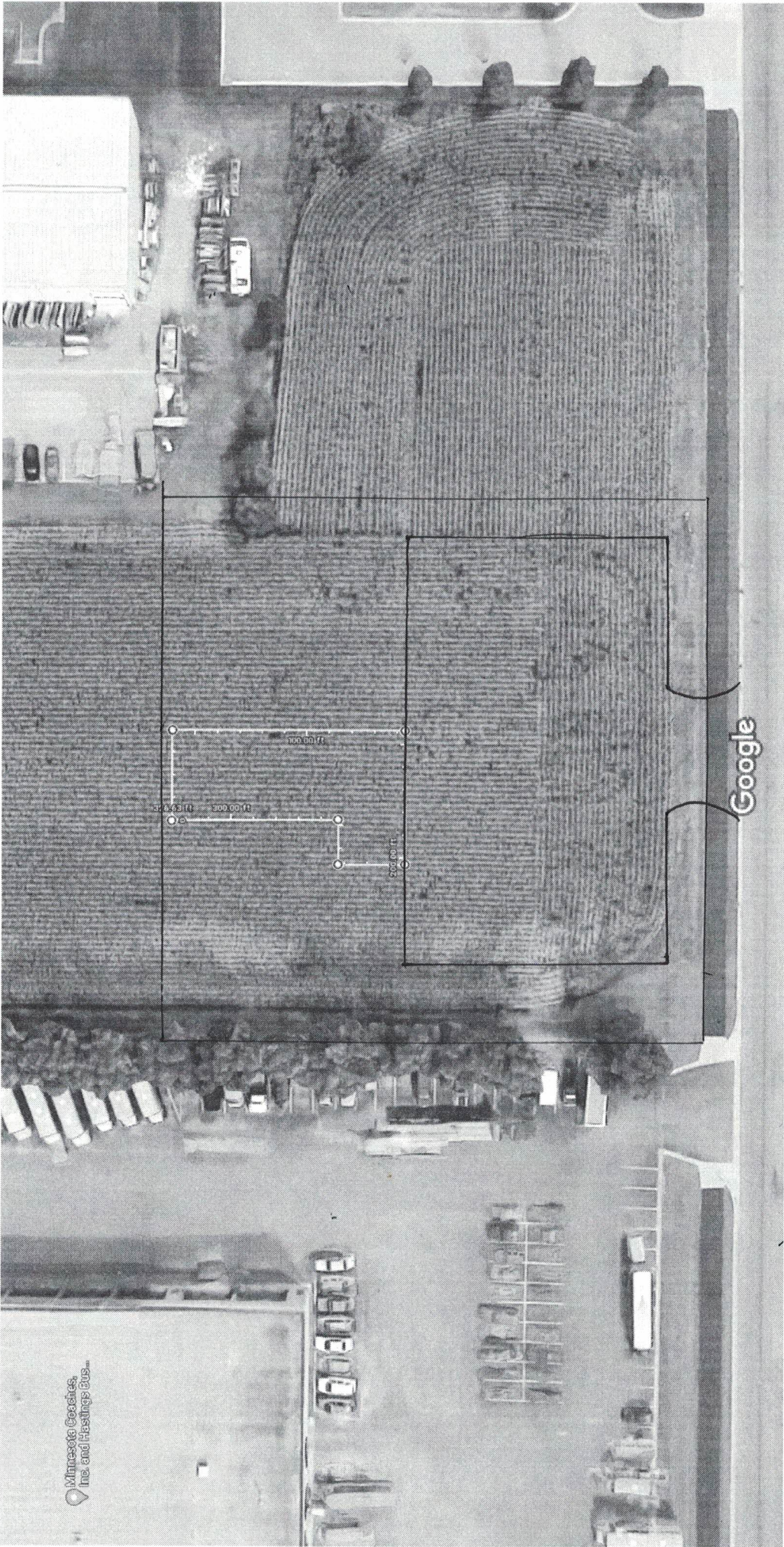
We are applying for the Land for a Dollar program under the advisement of Mr. Eric Maass, the Economic Development Coordinator, and wish to put the money saved up front directly into the property itself during development. It is our intention to build a nice office/shop combination building much like the one currently sitting at 2699 Commerce Dr., only a bit larger to accommodate handling our trucks and trailers (See attached pictures & elevation plans).

Therefore, at the cost of \$1.00 at purchase, and with the stipulations of the Land for a Dollar program firmly in mind, we ask the City of Hastings to sell Jerry Grotjohn & Custom Sawdust, LLC. Lot 5 in Block 2, with the confidence that it will be developed into an attractive, well cared-for and, hopefully, long-occupied property in our Industrial Park. Thank you.

Yours Sincerely,

Jerry Grotjohn
President/Owner
Custom Sawdust, LLC.

Google Maps Custom Sawdust, LLC. Approximate Location + Dimensions of Bldg 1 + Parking Lot



Imagery ©2021 Google, Map data ©2021, Map data ©2021 20 ft

Measure distance
Total area: 4,721.05 ft² (438.60 m²)
Total distance: 326.63 ft (99.56 m)

